



WEEKLY REPORT

ARIZONA STATE RETIREMENT SYSTEM

Paul Matson, Director
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For the week ending Friday, March 25, 2005

Welcome to the ASRS Weekly Report. This report provides a briefing of news and notices important to member employers and your employees. Please direct comments or email address updates to WeeklyReport@asrs.state.az.us or phone (602) 308-5107.

***** Please distribute or make this report available to your employees. *****

Legislative News

HB2472 (ASRS; payroll deduction agreement) **The ASRS supports this bill**, which requires an ASRS member's payroll deduction agreement to continue when the member transfers employment between participating ASRS employers. This bill was heard on Thursday, March 24. This is an agency bill that is essentially conforms ASRS statutes to IRS guidelines and has no cost impact to the contribution rate, ASRS administration fund, or the state general fund. Senator Martin offered an amendment to this bill that would allow school districts to use a 403(b) hybrid plan in tandem with current ASRS requirements and definitions of compensation that apply to pre-1984 members. This amendment was adopted by the Finance committee. The next stop for this bill is the Rules Committee and then caucus.

HB2473 (ASRS retirees; eligibility for AHCCCS) **The ASRS supports this bill**, which gives the ASRS the opportunity to explore the AHCCCS business model and provider network by including "retirees" as an "eligible person" in the AHCCCS definition statutes. This bill, if enacted, would give ASRS another tool to continue providing comprehensive healthcare for retirees at affordable premiums. Unfortunately, this bill has stalled in the House because of a lack of legislative support. Currently, this bill is eligible to be heard before the House Health Committee. However, the deadline by which bills can be heard in the originating chamber has passed.

HB2474 (NOW: ASRS; credited military service; purchase) **The ASRS strongly opposes this bill**, which would allow Councils of Governments (COGs) to purchase additional service time at the lower normal cost rate instead of the current statutory cost rate of actuarial present value (APV). If this bill passes, ***COG members will receive preferential treatment over all other ASRS members*** by being able to purchase additional service time at a ***significantly lower cost*** than APV. Setting the cost rate at APV ensures that the ASRS service purchase program can continue at a cost neutral benefit with no adverse impact on the contribution rate. APV ensures that each member purchasing service pays the appropriate cost for the value of that service without pushing the cost on the entire ASRS membership through increased contribution rates. HB2474 was third read by the House, crossed over to the Senate and has been assigned to the Senate Finance Committee.

Detailed information regarding the status of the bills as well as other bills that may affect the ASRS or retirement issues is provided on the attached Quick Reference.

ASRS News

Director Outreach series continues with Flagstaff meeting

In an effort to improve communication with members and retirees, ASRS Director Paul Matson has begun a series of Director Outreach meetings with the next meeting set for **Thursday, March 31 in Flagstaff**. ASRS Trustee Michael Townsend, Finance Director for Coconino County, will also be present, as well as a representative of PacificCare, the

healthcare provider for the ASRS retiree health plan. ASRS members, retirees and employer representatives from the northern Arizona region are especially invited. No reservations are required; members should feel free to stop by.

- March 31 at the Coconino County Complex, 219 E. Cherry Street at 11 a.m. in **Flagstaff**.
- May 5 at the Springerville Round Valley Unified School District Office, 940B E. Maricopa Road at 11 a.m. in **Springerville**.
- November 9 at the ASRS **Tucson** Office, 7660 E. Broadway Blvd., at 11:30 a.m.

If you would like additional information on these meetings, please call the ASRS Communications Office at (602) 240-2016.

Employer staff training workshops

The ASRS Employer Relations Division is again hosting a series of workshops to assist employers with new staff members who have duties and responsibilities related to the ASRS and retirement. ER 101 is designed especially for those who haven't worked with the ASRS in the recent past. Come learn the basics!

Subject matter will include determining membership, the ASRS Long Term Disability plan, reporting contributions, the ASRS Return to Work Program, the Health Insurance Premium Benefit Program, completing necessary ASRS forms and more. Workshops will be from 8:30 a.m. to 12:30 p.m. at the ASRS Phoenix office, 3300 N. Central Ave., 10th floor Board Room. **Dates are: April 7, Sept. 22, Oct. 6, Nov. 3 and Dec. 1.**

Space is limited, so register today by sending an email with your name, title, employer and telephone number to: WeeklyReport@asrs.state.az.us For more information, call (602) 308-5107.

Contribution rates set for next fiscal year

As required by state statute, the Arizona State Retirement System adjusts contribution rates every two years to ensure the pension plan, retiree health insurance supplement plan and long-term disability plan remain fiscally sound. The figures were arrived at through an actuarial study, as mandated by state statute.

Due to a variety of factors, including past benefit increases, low mid-term investment returns and changing demographics of the ASRS membership, the ASRS will be increasing contribution rates for the period from July 1, 2005 through June 30, 2007. These new rates will take effect July 1, 2005.

- **Retirement Defined Benefit Pension Plan:** Increase from the current 5.2 percent of employee and employer contributions to a rate of 7.75 percent.
- **Long Term Disability Plan:** No increase from the current 0.50 percent of employee and employer contributions.
- **Combined Contribution Rate:** Increase from the current 5.70 percent to 8.25 percent.

Board & Committee Meetings

- **ASRS Board of Trustees** – Friday, April 15, 8:30 a.m., ASRS Phoenix office, 3300 N. Central Ave., 10th floor Board Room.
- **External Affairs Committee** – Friday, April 1, 10 a.m., ASRS Phoenix office, 3300 N. Central Ave., 14th floor conference room.
- **Investment Committee** – Tuesday, April 5, 5:30 p.m., ASRS Phoenix office, 3300 N. Central Ave., 14th floor conference room.
- **Operations Committee** – Thursday, May 26, 10:30 a.m., ASRS Phoenix office, 3300 N. Central Ave., 14th floor conference room.

Note: All Board & Committee meetings are open to the public and your attendance is encouraged. Schedules, agendas and minutes of meetings are posted on our website and are available at our Phoenix and Tucson office.

Quick Reference
ASRS Related Retirement Legislation
(For Week Ending Friday, **March 25, 2005**)

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
HB 2028 - Treasurer's Risk Reports; technical correction Sponsor: Rep. Boone As Introduced: Minor changes to ARS 35-319 relating to reports on the impact of security risks on state investments.	Assigned: 1/10/05 Hse Rules Status: 1/11/05 second read	As Introduced: None expected.	As Introduced: None expected.
HB 2149 - Social Security Numbers; Government Request Sponsor: Rep. C. Gray As Introduced: The state and all political subdivisions are prohibited from asking for a person's Social Security number on any form or application unless required by federal law.	Assigned: GRGFA 1/27/05 Rules Status: 1/27/05 first read 1/31/05 second read 2/9/05 DP 8-0-0-1-0 2/15/05 DP8-0-0-1-0 2/15/05 Majority Caucus 2/15/05 Minority Caucus 2/15/05 Consent Calendar 2/16/05 Rules ok 2/22/05 third read 2/22/05 transmitted to Senate 2/22/05 first read 2/23/05 second read Gov, Rules 3/3/05 Gov DP (6-0-1-0)	As Introduced: None expected.	As Introduced: None expected.

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
HB 2411 - EORP; Membership Sponsor: Rep. Pearce As Introduced: Repealing Sections 38-815 And 38-821, Arizona Revised Statutes; Relating to the Elected Officials' Retirement Plan. State and county elected officials, judges and full-time court commissioners who are elected or appointed after 2005 must join the Arizona State Retirement System (eliminating them from participation in the Elected Officials Retirement Plan). Upon re-election or retention, a current member of EORP may choose to transfer to ASRS. Starting in 2006 the EORP fund manager may require employers, including cities and towns, to contribute additional amounts needed to properly fund the plan. Authority for city and town elected officials to join EORP is repealed.	Assigned: Hse Rules. PIR, Approp B Status: 1/18/05 first read 1/19/05 second read 2/7/05 PIR failed (0-8-0-1-0)	As Introduced: None expected.	As Introduced: None expected.
HB 2471 – Authorized emergency vehicles; right-of-way Sponsor: Rep. McClure Now: S/E - Deferred Retirement Option Plan Establishes a DROP for ASRS, EORP and CORP beginning July 1, 2006 through June 30, 2011 to add flexibility to the retirement plans and provide members who participate in the DROP access to a lump sum benefit in addition to the normal monthly benefit on actual retirement.	Assigned: PIR Status: 2/21/05 PIR Failed (3-4-1-1-0)	With Strike Everything amendment: Not yet determined.	As Introduced: Would add \$1 billion in liability to ASRS; this equals an increase of .56% each for employee/employer in the contribution rate.
HB 2472 - ASRS; Payroll Deduction Agreements First sponsor: Rep. McClure. Others: Rep. Downing, Sen. Martin. As Introduced: Mandates that an ASRS member's payroll deduction agreement must continue when the member transfers employment between participating ASRS employers.	Assigned: PIR, Rules Status:1/31/05 first read 2/1/05 second read 2/7/05 DP 7-0-0-2-0 2/15/05 DP8-0-0-1-0 2/15/05 Majority Caucus 2/15/05 Minority Caucus 2/15/05 Consent Calendar 2/16 Rules ok 2/21/05 transmit to Senate 2/22/05 first read 2/22/05 Rules & Fin 2/23/05 second read 3/24/05 DPA 7-0-2-0	As Introduced: : \$65,000	As Introduced: None expected.

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
HB 2473 - ASRS Retirees; Eligibility For AHCCCS First sponsor: Rep. McClure. Others: Rep. Lopes, Sen. Arzberger. As Introduced: Provides the ASRS with the opportunity to explore the AHCCCS business model and provider network by including "retirees" as an "eligible person" in the AHCCCS definition statutes.	Assigned: PIR, Health and Rules Status: 1/18/05 first read 1/19/05 second read 1/31/05 held in PIR 2/7/05 PIR DP (7-1-0-1-0)	As Introduced: None expected.	As Introduced: None expected.
HB 2474 - ASRS; Credited Service Purchase Sponsor: Rep. McClure. As Introduced: Makes a technical correction. Changes the age to 59 1/2 from 50 1/2 for the purchase of credited service. Now: S/E - Purchase of Military Service Provisions of the Strike-everything Amendment Allows ASRS political subdivision entity members who became participants of the system after December 31, 2003 but before January 1, 2005 to purchase military service under the service purchase agreement provisions in effect before January 1, 2004. Now: ASRS; Military Service: A person who became a member of the ASRS after Dec. 31, 2003, and before Jan. 1, 2005 may purchase credited service for military service under provisions in effect prior to Jan. 1, 2004. As passed House.	Assigned: PIR, Rules Status: 1/18/05 first read 1/19/05 second read 1/31/05 held in PIR 2/21/05 Held 2/23/05 transferred to Senate 2/23/05 first read in Fin 2/28/05 PIR DPA/SE 3647 (8-1-0-0-0) RULES 3/03/05 (8-0-0-1) C&P Majority & Minority Caucus 3/7/05 (Y) 3/9/05 COW amend 3647 and floor amend 3869. 3/9/05 Short Title Change 3/14/05 third read 48-8-4-0-Y amend 3997 3/15/05 transmit to Senate Assigned: 3/22/05 Fin & Rules 3/23/05 second read 3/24/05 Fin DPA 7-0-2-	As Introduced: With S/E amendment-not yet determined	As Introduced: Cost to ASRS unfunded liability ranges from \$645,435 to \$3,284,631. The maximum estimated increase to the contribution rate would be .0018% for EE/ER each.

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
HB 2502 – Technical correction; ALTCS Sponsor: Rep. Groe Now: S/E - ASRS; Long Term Disability The strike-everything amendment to HB 2502 stipulates that a member's Long Term Disability (LTD) benefits are not to be reduced by any retirement benefit pursuant to a state retirement system or plan other than the Arizona State Retirement System.	Assigned: 2/1/05 Senate Approps Status: 1/24/05 second read	As Introduced: None Expected.	As Introduced: Not known yet.
HB 2552 - ASRS; Retirees; Graded Multiplier Increase Sponsor: Rep. McClure As Introduced: Members of the Arizona State Retirement System and their beneficiaries who were receiving benefits on Aug 8, 2001, will receive a one-time permanent benefit multiplier graded to reflect years of service. Those who had at least 30 years of service will receive a 9.52% benefit increase; those with shorter terms of service will receive smaller increases.	Assigned: PIR, Rules Approp (B) Status: 1/31/05 first read 2/1/05 second read 2/21/05 PIR DP (8-0-0-1-0) 3/1/05 APPROP (B) DPA (8-3-0-4-0) 3/1/05 Rules DP 7-0-0-2-0 3/14/05 Majority & Minority caucus (Y) 3/16/05 COW amend # 3669	As Introduced: \$651,400	As Introduced: Would increase the unfunded actuarial accrued liability (UAAL) by \$258 million and increase contribution rates by .14% on each side.

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
HB 2562 - Retirement; ASRS; Investments Sponsor: Rep. C. Gray As amended: Requires a list of all ASRS-owned investments to be published in the agency's annual report.	Assigned: 2/7/05 PIR, Rules Status: 2/7/05 first read 2/8/05 second read 2/28/05 PIR DPA amended (9-0-0-0-0) 3649 3/3/05 PIR C&P (8-0-0-1-0) 3/7/05 Majority & Minority caucus (Y) 3/9/05 COW amend 3649 amend 4001 3/15/05 transmit to Senate 3/15/05 first read Assigned: 3/23/05 Sen Fin & Rules 3/23/05 second read	As Amended: Not yet determined.	As Introduced: Not known yet

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
<p>HB 2621 - Retiree Health Insurance; Rural Subsidy Sponsors: Rep. Konopnicki, Rep. Aguirre, Rep. Brown As Amended:</p> <ul style="list-style-type: none"> • Extends the rural healthcare subsidy for an additional 2 years for areas in the state where a Medicare eligible HMO is not available. • Eliminates the additional rural benefit supplement for retirees in the Arizona retirement systems who are not eligible for Medicare. • Appropriates \$28,000 for administrative expenses • Has an emergency clause. 	<p>Assigned: PIR, GRGFA, Approp B, Rules Status: 2/9/05 first read 2/10/05 second read 2/16/05 withdrawn PIR 2/16/05 GRGFA DPA (6-0-0-3-0) 2/17/05 GRFGA amended 3353 3/1/05 DPA (12-1-0-2-0) 3674 replaced 3/7/05 APPROP (B) DPA (Corrected) (12-1-0-2-0) 3/8/05 C&P 9-0-0-0-0 3/8/05 Approp B amend 3788 3/8/05 Majority & Minority caucus (Y) 3/9/05 Rules ok 3/10/05 COW amend 3788 amend 3353 withdrawn 3/16/05 third read retained 3/17/05 third read 3/21/05 DP 45-7-8-0 3/21/05 Transmit to Senate Assigned: Fin, Approp, Rules 3/23/05 second read</p>	<p>As Amended: \$28,000</p>	<p>Extension for one year would cause an increase to the unfunded liability of \$7 million, and a contribution rate increase of .0038%; For two years, \$14 million and .0077%; and the permanent extension would add \$183.8 million and .0783%.</p>
<p>HB 2641 - Appropriation; Teachers; Retirement Contribution Sponsor: Sen. Aguirre, Rep. Barnes, Rep. Boone, Sen. Burns, Rep. Burton-Cahill, Rep. Chase As Introduced: An appropriation of \$80 million in fiscal 05-06 for raises to teachers to hold them harmless for the increased employee contribution rate for the Arizona State Retirement System.</p>	<p>Assigned: ED, Approps B, Approps P & Rules Status: 2/14/04 first read 2/15/05 second read 2/23/05 DP in K-12 Ed (7-0-0-3-0) 3/1/05 Approp (B) DP (12-1-0-2-0)</p>	<p>As Introduced: None expected.</p>	<p>As Introduced: None expected.</p>

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
<p>HB 2671 - Retirement; State Retiree Health Insurance</p> <p>Sponsor: Rep. Burns, Rep. Alvarez, Rep. Konopnicki</p> <p>As Introduced: existing law on group health and accident coverage for retired public employees and officials is replaced by a new requirement for such coverage for retirees who elect not to obtain insurance through their former employer, including those receiving benefits from ASRS and EORP.</p> <p>Now: S/E - Retiree Health Insurance Committee; Recommendation</p> <p>A. The retiree health insurance committee is established consisting of the following members:</p> <ol style="list-style-type: none"> 1. Three members of the house of representatives who are appointed by the speaker of the house of representatives, not more than two of whom are members of the same political party. The speaker of the house of representatives shall appoint one of these members to serve as co chairperson of the committee. 2. Three members of the senate who are appointed by the president of the senate, not more than two of whom are members of the same political party. The president of the senate shall appoint one of these members to serve as co chairperson of the committee. 3. One member who is appointed by the governor. 4. Two members of the public who are appointed jointly by the speaker of the house of representatives and the president of the senate. <p>B. Committee members are not eligible to receive compensation, but are eligible for reimbursement of expenses pursuant to title 38, chapter 4, and article 2, Arizona Revised Statutes.</p> <p>C. The committee shall review and evaluate the retiree health insurance options proposed by the private entity pursuant to the legislative council study on retiree health insurance report that was submitted pursuant to Laws 2004, chapter 325, section 8. The committee shall recommend one of these options to the legislature and the governor.</p> <p>D. The committee may use the services of legislative staff as required.</p>	<p>Assigned: PIR, Health, Approp P , Rules Status: 2/9/05 first read 2/10/05 second read 2/21/05 Held 2/28/05 PIR DPA/SE (7-1-1-0-0)</p>	<p>As Introduced: None expected.</p>	<p>As Introduced: None expected.</p>

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
<p>HB 2718 - Education; Omnibus Sponsor: Rep. Boone, Rep. Allen, Rep. Alvarez, Rep. Barnes, Rep. Mason, Rep. Sinema Now: S/E – Employer Contributions, Provisions: 1. Changes the minimum employer and employee contribution rate to the ASRS from a minimum of two percent to four percent. 2. Requires an employer and employee contribution rate of 6.25 percent to ASRS for FY 2005-2006, except for the compensation of employees who are members of the defined contribution program administered by ASRS. 3. Prohibits an increase or decrease in the contribution rate by more than ten percent in any fiscal year. 4. Requires the Joint Legislative Budget Committee (JLBC) and the Arizona Legislative Council (ALC) to conduct separate and independent actuarial studies of the ASRS employee and employer contribution rates for FY 2006-2007. 5. Allows the director of JLBC and the director of ALC to contract with different third parties to carry out their respective actuarial studies. 6. Requires JLBC and ALC to each submit reports summarizing their respective actuarial studies, on or before November 1, 2005 to the Governor, President of the Senate, Speaker of the House of Representatives, Secretary of State and the Director of the Arizona State Library, Archives and Public Records. 7. Requires ASRS to provide technical assistance and support, on request, to JLBC, ALC and any third parties conducting the actuarial studies. 8. Appropriates \$100,000 from the state General Fund in FY 2005-2006 to JLBC to conduct the actuarial study. 9. Appropriates \$100,000 from the state General Fund in FY 2005-2006 to ALC to conduct the actuarial study. 10. Exempts JLBC and ALC appropriations from lapsing. 11. Exempts ADE appropriation from lapsing after FY 2005-2006. 12. Uses employer and employee contribution amounts in excess of the previously required normal cost plus the amount required to amortize the past service funding requirement, to reduce future contribution increases. 13. Requires ASRS to account separately for these monies in the public employee's retirement trust fund. 14. Includes an intent clause. 15. Makes conforming and technical changes.</p>	<p>Assigned: ED, Approps B & Rules Status: 2/14/05 first read 2/15/05 second read 2/21/05 withdrawn 3/1/05 APPROPS DPA/SE (9-3-0-3-0) 3/10/05 Rules 7-0-0-2-0 3/14/05 Majority & Minority caucus (Y) 3/15/05 retained on calendar 3/16/05 retained on COW 3/17/05 COW 3/21 retained on COW Cal 3/24/05 COW DPA 58-1-1-0 Y 3/24/05 transmit to Senate</p>	<p>As amended: (same as 1186 and 1278) \$50,000</p>	<p>As amended: Not yet determined</p>

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
<p>SB 1014 - Tech Correction; Dept Of Commerce Now: S/E - ASRS Graded Multiplier Sponsor: Sen. Jarrett As Introduced: Minor change in ARS 41-1514.01 governing a development program within the Dept of Commerce. Proposed Strike Everything Amendment: A member or a member's beneficiary who was receiving a benefit under the Arizona state retirement system defined benefit program established by title 38, chapter 5, article 2, Arizona Revised Statutes, on May 8, 2001 is entitled to receive a one-time permanent benefit increase as follows: 1. 2.38 percent of the member's or beneficiaries monthly benefit amount if the member had at least 20.00 years of credited service but not more than 24.99 years of credited service. 2. 4.76 percent of the member's or beneficiaries monthly benefit amount if the member had at least 25.00 years of credited service but not more than 29.99 years of credited service. 3. 9.52 percent of the member's or beneficiaries monthly benefit amount if the member had at least 30.00 years of credited service. Sec. 2. <u>Retroactivity</u> This act is effective retroactively from May 8, 2001.</p>	<p>Assigned: Fin, Rules Status: 1/10/05 first read 2/1/05 second read 2/17/05 Sen Fin held</p>	<p>As Amended: Same as HB2552.</p>	<p>As Amended: Same as HB 2552.</p>

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
<p>SB 1186 – Board of Executive Clemency; Continuation Sponsor: Sen. Verschoor Now: S/E - Employer Contributions; Definitions Provisions</p> <ol style="list-style-type: none"> 1. Changes the minimum employer and employee contribution rate to the ASRS from a minimum of two percent to four percent. 2. Requires an employer and employee contribution rate of 6.25 percent to ASRS for FY 2005-2006, except for the compensation of employees who are members of the defined contribution program administered by ASRS. 3. Prohibits an increase or decrease in the contribution rate by more than ten percent in any fiscal year. 4. Requires the Joint Legislative Budget Committee (JLBC) and the Arizona Legislative Council (ALC) to conduct separate and independent actuarial studies of the ASRS employee and employer contribution rates for FY 2006-2007. 5. Allows the director of JLBC and the director of ALC to contract with different third parties to carry out their respective actuarial studies. 6. Requires JLBC and ALC to each submit reports summarizing their respective actuarial studies, on or before November 1, 2005 to the Governor, President of the Senate, Speaker of the House of Representatives, Secretary of State and the Director of the Arizona State Library, Archives and Public Records. 7 Requires ASRS to provide technical assistance and support, on request, to JLBC, ALC and any third parties conducting the actuarial studies. 8 .Appropriates \$100,000 from the state General Fund in FY 2005-2006 to JLBC to conduct the actuarial study. 9. Appropriates \$100,000 from the state General Fund in FY 2005-2006 to ALC to conduct the actuarial study. 10. Exempts JLBC and ALC appropriations from lapsing. 11. Exempts ADE appropriation from lapsing after FY 2005-2006. 12. Uses employer and employee contribution amounts in excess of the previously required normal cost plus the amount required to amortize the past service funding requirement, to reduce future contribution increases. 13. Requires ASRS to account separately for these monies in the public employee's retirement trust fund. 14. Includes an intent clause. 15. Makes conforming and technical changes. 	<p>Assigned: 1/24/05 Fin, Approps Rules Status: FIN 2/24/05 DPA/SE (6-1-2-0) 3/1/05 APPROP DP (11-0-0-0) 3/7/05 RULES - PFC 3/8/05 Majority & Minority Caucus (Y) 3/10/05 COW DP 3/14/05 passed Sen 21-7-2-0 3/14/05 transmit to House 3/21/05 referred House Ways/Mean & Rules 3/22/05 second read</p>	<p>As Amended: (Same as 2718 and 1278, \$50,000)</p>	<p>As Amended: Not yet determined</p>

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
SB 1206 - Schools; Retirement Programs Sponsor: Sen. L. Gray As Introduced: The eligibility of school district employees to participate in tax sheltered annuity plans under IRS code section 403(b) is expanded to cover retirement and deferred compensation plans contained in sections 401(a) and 457(b). Districts may pay into a deferred comp plan on behalf of an employee for purposes such as an incentive for recruitment or retention; to buy out unused leave time at severance of employment; and to provide incentives for early retirement to selected personnel as determined by the governing board.	Assigned: Fin, K12ED, Rules Status: 1/24/05 first read 1/25/05 Second read	As Introduced: Not yet determined	As Introduced: Not yet determined
SB 1278 – Schools Best Practices Sponsor: Rep. Huppenthal Now: S/E - Education Omnibus Retirement related Provisions: <ol style="list-style-type: none"> 1. Raises the minimum floor from 2% to 4%. 2. Sets the contribution rate at 6.25% for FY 06. 3. Limits any future increases or decreases to the contribution rate by 10% 4. Calls for 2 separate actuarial reviews of the ASRS actuary coordinating JLBS and Leg Council. 5. Appropriates \$100,000 to both JLBC and Leg Council to pay for the actuarial reviews. 6. Mandates that if the actuarial contribution rates drops below the minimum floor, the excess earnings must be used to reduce the contribution rate and not pay out benefits. 	Assigned: 2/16/05 K12 2/17/05 Fin Status: 2/16/05 K12ED DPA/ SE (4-3-2-0) k12 amend 3404 2/17/05 FIN DPA/SE (7-1-0-0) amend 3417 3/7/05 Rules PFC W/FL 3/8/05 Majority & Minority Caucus (Y) 3/10/05 COW DPA	As Amended: (Same as 1186 and 2718, \$50,000)	As Amended: Not yet determined
SB 1359 - Retirees, Health Insurance Program Sponsor: Sen. Burns, Rep. Konopnicki As Introduced: The Dept of Administration is authorized to establish group health and accident insurance for retired and disabled persons from all of the state's four retirement plans. Premiums may be deducted from their retirement benefits. The program is to be implemented on Jan 1, 2007. Eliminates existing healthcare plans administered by the ASRS, PSPRS, CORP and EORP.	Assigned: 2/1/05 Fin 1/31/05 Rules Status: 1/31/05 first read 2/1/05 second read	As Introduced: Not yet determined	As Introduced: Not yet known.

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
<p>SB 1360 - Retiree Health Insurance Committee Sponsor: Sen. Huppenthal As Introduced: A Retiree Health Insurance Committee is formed to evaluate the options for retiree health insurance coverage proposed by the private entity retained by Legislative Council pursuant to Laws 2004, Chapter 325, Sec 8 (H2542). A report is due by the end of this year.</p>	<p>Assigned: 2/1/05 Fin 1/31/05 Rules Status: 1/31/05 first read 2/1/05 second read 2/17/05 Fin Held 2/24/05 Fin DP (5-1-3-0) 2/28/05 RULES PFC 3/1/05 majority & minority caucus (Y) 3/8/05 third read 5-2-0 3/8/05 Senate 23-5 3/9/05 transmit to House Assigned: 3/22/05 PIR, Rules 3/23/05 second read</p>	<p>As Introduced: None expected</p>	<p>As Introduced: None expected.</p>
<p>SB 1366 – Retirement; Minimum Employer Contribution Sponsor: Sen. Martin As Introduced: The minimum amount that employers of members of three state retirement plans (EORP, PSPRS and CORP) must contribute towards their employees' retirement is changed to a percentage left blank in the original bill. Currently, EORP and PSPRS employers contribute an amount equal to 2% of the person's salary; CORP employers contribute 4%.</p>	<p>Assigned: 2/1/05 Fin, Rules Status: 1/31/05 first read 2/1/05 second read 2/17/05 Sen Fin Amended 2/21/05 PFC amend 3412 COW 2/24/05 DPA 3/2/05 third read 29-1 3/2/05 transmit to house 3/8 PIR, Approp B, Rules 3/8/05 first read 3/9/05 second read 3/14/05 PIR DP 9-0-0</p>	<p>As Introduced: None expected, Legislation does not apply to the ASRS.</p>	<p>As Introduced: None expected, Legislation does not apply to the ASRS.</p>

BILLS	BILL STATUS	ADMINISTRATIVE COST	ACTUARIAL IMPACT
SB 1426 - Retirement; ASRS Spousal Consent Sponsor: Sen. Huppenthal As Introduced: A member of the Arizona State Retirement System must obtain his or her spouse's approval before naming a beneficiary other than the spouse. An unmarried retiree receives monthly annuity; married retiree receives joint and survivor annuity. An unmarried retiree receives a monthly annuity, unless the member selects an alternative. A married retiree receives a joint and survivor annuity, unless the retiree selects an alternative and the spouse agrees. AS PASSED SENATE.	Assigned: 2/1/05 Fin, Approp, Rules Status: 2/1/05 first read 2/2/05 second read 2/17/05 Sen Fin amended DPA (8-0-1-0) 2/21/05 Fin amend 3415 2/22/05 Approp DP (11-0-0-0) 2/28/05 Rule PFCA 3/1 rules tech amendment 3/1/05 majority & minority caucus (Y) 3/8/05 COW DPA #3415 3/10/05 third read # 3960 16-12-2-0 Y 3/10/05 transmit to House Assigned: 3/22/05 GRGFA, PIR, Rules 3/23/05 second read	As Introduced: \$125,558 with 1.5 FTEs.	As Introduced: None expected.
SB 1428 - Retirement; ASRS Optional Benefits Retirement Sponsor: Sen. Huppenthal As Introduced: Changes in option forms of retirement benefits under the Arizona State Retirement System include deleting provision to name new contingent annuitant when reverting to straight life annuity. Appropriation of \$20,000.	Assigned: 2/1/05 Fin, Approps, Rules Status: 2/1/05 first read 2/2/05 second read	As Introduced: \$224,600	As Introduced: Not yet known.

LEGEND

AMEND C&P Constitutional and Proper as Amended by the House Rules Committee
APPROP Appropriations Committee
ASRS Arizona State Retirement System
C&P Constitutional and Proper
CORP Corrections Officer Retirement Plan
COW Committee of the Whole

DP Do Pass
DPA Do Pass as Amended
EORP Elected Officials' Retirement Plan
FII Financial Institutions and Insurance Committee
FIN Finance Committee
GF General Fund

GAR	Government Accountability and Reform Committee	PFCA	Proper for Consideration as Amended by the Senate Rules Committee
GOV	Government Committee	PIR	Public Institutions and Retirement Committee
GRFGA	Government	PSPRS	Public Safety Personnel Retirement System
HB	House Bill	SB	Senate Bill
HCR	House Concurrent Resolution	S/E	Strike Everything Amendment
HHR	House Hearing Room	Sen.	Senate
Hse.	House of Representatives	SHR	Senate Hearing Room
JUD	Judiciary Committee	WM	Ways and Means Committee
LTD	Long Term Disability		
PFC	Proper for Consideration		

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If you have questions relating to legislation, please contact ASRS Government Relations Officer
 Denisse Gee at (602) 240-2027 or via email at **WeeklyReport@asrs.state.az.us**

The External Affairs Committee (EAC) meets the first Friday of each month at 10 a.m. in the 14th floor conference room at the ASRS Phoenix Office, 3300 N. Central Ave. Agendas are posted on the website, **www.asrs.state.az.us**.